

## OVER-THE-TARGET REQUESTS

Over the past three months, DBM has reviewed projected State revenue for fiscal year 2006 and 2007 and has carefully reviewed each of the agency budgets to determine base funding needs. The base funding is augmented by the inflationary cost of health insurance for state employees and retirees, the fastest growing expense within the State budget and the sixth largest component of the State budget. Other items that are added to the base are the mandatory requirements of the education formulas and the entitlement programs for Maryland's poorest citizens. The other mandatory requirements in statute have also been taken into account.

We have a gap of approximately \$400 million between the expenses for fiscal year 2007 and the revenue that is expected. One of the main causes of this problem is that the Thornton funding for public education was enacted by the General Assembly without a funding source. It is becoming increasingly difficult to find the necessary funds for our on-going State expenditures. Each of the agency targets was developed with the \$400 million gap in mind. Some departments have much more aggressive targets than others.

DBM is discouraging submission of requests for FY 2007 over-the-target funding, but recognizes that there may be increases to the base budget that should be considered. Since there are insufficient State funds for the items included in the base budget, agencies should first attempt to identify areas within their own budgets where efficiencies might occur that could then free up funding for unfunded requests. Agencies are strongly encouraged to pursue interagency collaborations and other innovative proposals. Prior to approaching their Budget Analysts with over-the-target requests, agencies must ensure that:

- ✓ Any unfunded requests support the "Five Pillars" of the Ehrlich-Steele Administration;
- ✓ All over-the-target requests are supported by strategic goals and objectives, and effective strategies that produce measurable outcomes; and
- ✓ Requests are not related to new programs.

Prior to submitting a formal over-the-target request, an agency must convince its Budget Analyst that the needs are compelling enough for the request to be formally submitted. The agency should only submit an over-the-target request if the DBM Budget Analyst has determined that the need should be considered further.

Over-the-target requests that have been authorized for submission by the Budget Analysts will be put on a list with the other requests from other departments and agencies. All requests will be considered together, rather than on an agency-by-agency basis. Each request will compete with the requests from other State agencies.

Priority will be given to funding of activities necessary to continue essential, current operations.

Requests must be submitted in priority order to the Department of Budget and Management in triplicate using a DA-21 form. Over-the-target requests must be submitted at the same time as the FY 2007 budget request submission. **Do not include funding above the target in the budget request.**

# FISCAL YEAR 2007 OVER THE TARGET REQUEST

**TITLE/DESCRIPTION:** *Include the unit code, a short title, no more than one paragraph description of the request, and the appropriate Governor's pillar.*

**FINANCIAL/PERSONNEL SUMMARY:**

General Fund:	Amount \$	_____	Positions:	_____	FT	_____	PT	_____	Contractuals
Special Fund:	Amount \$	_____	Positions:	_____	FT	_____	PT	_____	Contractuals
Federal Fund:	Amount \$	_____	Positions:	_____	FT	_____	PT	_____	Contractuals
Reimb Fund:	Amount \$	_____	Positions:	_____	FT	_____	PT	_____	Contractuals
Total Funds:	Amount \$	_____	Positions:	_____	FT	_____	PT	_____	Contractuals

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**A. TYPE OF REQUEST:**

New Program \_\_\_\_\_ Expand Existing Service \_\_\_\_\_ Restore Service \_\_\_\_\_ New Facility \_\_\_\_\_ Other \_\_\_\_\_

**B. REASON FOR REQUEST:** *Indicate the basis for the request (e.g. enact approved legislation, Governor's Initiative, constituent request, completion of facility construction, implementation of multi-year plan, etc.)*

*Be specific. For legislation, provide specific section of code; which constituent groups are making request; which facility is completed or to be completed and projected date of completion; cite multi-year plan and provide copy with budget submission.*

**C. ALTERNATIVES CONSIDERED:** *Provide documentation of the problem or issue and indicate alternatives considered, to include doing nothing, and the reasons why the alternatives were not selected.*

**D. JUSTIFICATION FOR THE REQUEST:** *Indicate the alternative selected and provide justification for the selection. This section must refer to the current Management for Results measure(s) impacted; the projected incremental impact on the measure(s); and provide an explanation of the impact. For requests that do not relate to a current MFR, include a measure or measures to show results of the request. **The measures must show the specific outcomes to be achieved. All positions requested must be documented.***

Performance	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Measure	<u>Appropriation</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>

**E. FISCAL IMPACT:** *Using the Excel spreadsheet provided, show the incremental increase to implement the request. Include information for all the fiscal years listed on the spreadsheet. Document the need for new positions and operating expense funds based upon outcomes included in the JUSTIFICATION. For FY 2008 and beyond, take out one-time costs shown in FY 2007.*

Form No. DBM-DA-21 Revised 6/05							Priority Number:	
<b>FISCAL YEAR 2007</b>								
<b>DETAILED FUNDING REQUEST</b>								
<b>TITLE: EXAMPLE</b>								
<b>EXPENDITURES</b>	<b>Number Of</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Position Classification</b>	<b>Positions</b>	<b>Appropriation</b>	<b>TARGET</b>	<b>OVER TARGET</b>	<b>OVER TARGET</b>	<b>OVER TARGET</b>	<b>OVER TARGET</b>	<b>OVER TARGET</b>
			<b>Request</b>	<b>Request</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Data Clerk	1			23,000	23,000	23,000	23,000	23,000
Internal Auditor	2			76,000	76,000	76,000	76,000	76,000
Program Manager	1			46,000	46,000	46,000	46,000	46,000
<b>Total Positions &amp; Salaries</b>	<b>4</b>	<b>990,000</b>	<b>1,000,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>
<b>Fringe Benefits</b>	<b>Rates</b>							
Social Security	7.30%	72,270	73,000	10,585	10,585	10,585	10,585	10,585
Health Insurance	7.00%	280,000	280,000	28,000	28,000	28,000	28,000	28,000
Retiree Health Insurance	20.00%	56,000	56,000	29,000	29,000	29,000	29,000	29,000
Employee Retirement	4.00%	39,600	40,000	5,800	5,800	5,800	5,800	5,800
Unemployment	0.03%	297	300	4,785	4,785	4,785	4,785	4,785
Turnover (25% 1st yr then agency rate)		(13,167)	(5,300)	(55,700)	(6,700)	(6,700)	(6,700)	(6,700)
<b>Subtotal Benefits</b>		<b>435,000</b>	<b>444,000</b>	<b>22,470</b>	<b>71,470</b>	<b>71,470</b>	<b>71,470</b>	<b>71,470</b>
<b>SUBTOTAL SALARIES &amp; BENEFITS</b>		<b>1,425,000</b>	<b>1,444,000</b>	<b>167,470</b>	<b>216,470</b>	<b>216,470</b>	<b>216,470</b>	<b>216,470</b>
	<b>Rates</b>							
Contractual payments								
Social Security								
Unemployment								
Turnover (25% 1st yr then agency rate)								
<b>Object 02 Technical &amp; Special Pay</b>								
Telephone Install/Equipment				4,000				
Telephone Charges				6,200	6,500	6,500	6,500	6,500
<b>Object 03 Communications</b>		<b>5,000</b>	<b>5,500</b>	<b>10,200</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>
In-State Routine Travel				500	700	700	700	700
Other Travel				700	1,000	1,000	1,000	1,000
<b>Object 04 Travel</b>		<b>3,000</b>	<b>3,500</b>	<b>1,200</b>	<b>1,700</b>	<b>1,700</b>	<b>1,700</b>	<b>1,700</b>
<b>Object 08 Contractual</b>		<b>10,000</b>	<b>12,000</b>	<b>2,000</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Object 09 Materials &amp; Supplies</b>		<b>15,000</b>	<b>16,000</b>	<b>1,500</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>
Computer (4x2,000)		10,000	5,000	4,000	-	-	-	-
Furniture		2,000	1,500	8,000	250	150	-	-
<b>Object 11 Equipment - Additional</b>		<b>12,000</b>	<b>6,500</b>	<b>12,000</b>	<b>250</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b>SUBTOTAL OPERATING EXPENSES</b>		<b>45,000</b>	<b>43,500</b>	<b>26,900</b>	<b>9,550</b>	<b>9,450</b>	<b>9,300</b>	<b>9,300</b>
<b>TOTAL ESTIMATED EXPENDITURES</b>		<b>1,470,000</b>	<b>1,487,500</b>	<b>194,370</b>	<b>226,020</b>	<b>225,920</b>	<b>225,770</b>	<b>225,770</b>
<b>REVENUE</b>								
General Funds		1,192,000	1,250,000	103,400	127,700	128,200	129,200	130,420
Special Funds		180,000	195,000	80,970	92,000	94,000	94,350	94,350
Federal Funds		98,000	42,500	10,000	6,320	3,720	2,220	1,000
Reimbursable Funds								
<b>TOTAL FUNDING REQUEST</b>		<b>1,470,000</b>	<b>1,487,500</b>	<b>194,370</b>	<b>226,020</b>	<b>225,920</b>	<b>225,770</b>	<b>225,770</b>